



Business Law Section of the State Bar of California

Nonprofits Committee E-Bulletin

Lani Meanley Collins

Chair
Collins & Associates
213 W. Canon Perdido
Santa Barbara, CA 93101
805-730-1333
FAX 805-730-1337
lani.collins@collins-assoc.com

Cherie L. Evans

Vice-Chair -- Legislation
Evans & Rosen LLP
100 Pine Street, Suite 2450
San Francisco, CA 94111
ph 415.264.1800 fax
415.462.5408
cherie@evansrosen.com

Joel S. Corwin

Vice Chair - Web Site
Law Offices of Joel S. Corwin
11661 San Vicente Blvd., Suite
802
Los Angeles, CA 90049
866-207-5000
FAX 866-207-6000
jcorwin@corwinlaw.us

Elizabeth S. Bluestein

Vice-Chair/Secretary
Public Counsel Law Center
610 S Ardmore Ave
Los Angeles, CA 90005
213-385-2977
FAX 213-385-9086
ebbluestein@publiccounsel.org

Recent Nonprofit News
Week of September 7, 2009

1. Brown Sues to Stop UCLA Professor from Improperly Using Charitable Donations to Fund Personal Business Ventures

[Attorney General Brown filed suit this week](#) to permanently stop a UCLA professor and five officers of a nonprofit research foundation from diverting assets from the charity to their own personal business ventures. The suit contends that the charity and its officers:

- Failed to maintain adequate books and records
- Breached their fiduciary duties
- Failed to maintain an independently elected board of directors
- Filed and distributed false and incomplete reports
- Engaged in unfair competition

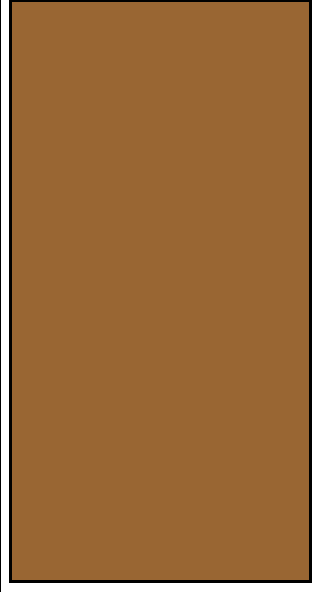
Brown is seeking to recover misappropriated funds, permanently dissolve the charity, assess civil penalties and prohibit the defendants from running a charity until they provide accounting statements to his office.

2. California Commission on the 21st Century Economy Proposes New Tax Law

The [California Commission on the 21st Century Economy](#), a bi-partisan panel set up by the Governor to review the tax laws of the state and propose reforms, held its final meeting this week to consider the [Tax Structure Options](#) prepared by its staff. Yesterday, the commission released a spate of documents, including draft legislation dropping the corporate tax and proposing a [Business Net Receipts Law](#). The new law would maintain the same exemptions currently in effect for nonprofit organizations. The most significant change from the current law affecting nonprofits is the increased filing threshold for exempt organizations to \$500,000. It is uncertain whether the BNRL proposal will ever be taken up by the legislature or enacted.

3. Supreme Court Revisits *Citizens United v. FEC*

[The Supreme Court heard argument on *Citizens United v. FEC*](#), a case carried over by the Court from the last term. *Citizens United* is a tax-exempt



nonprofit corporation that sought to distribute a movie about Hillary Clinton during the 2008 primaries. The FEC objected on the grounds that the movie was an attempt to convince viewers not to vote for Hillary. The McCain-Feingold law bans corporate money being used for electioneering, including nonprofit corporations. If the Court decides in favor of Citizens United, it could lead to many more challenges to the political activity rules for tax-exempt organizations.

For more information about the Nonprofit Committee, please see the committee's Web site: www.calbar.org/buslaw/nonprofits.

These periodic e-mails are being sent to you because you expressed interest in receiving news and information from the Nonprofit Committee of the State Bar of California's Business Law Section. If you no longer wish to receive these communications or you have a new e-mail address -- or if you have a friend or colleague who would like to add his or her e-mail address to our distributions list, please contact [Susan Orloff](#), Section Coordinator of the Business Law Section.